

# Senate File 2255 - Introduced

SENATE FILE 2255  
BY COMMITTEE ON ECONOMIC  
GROWTH/REBUILD IOWA

(SUCCESSOR TO SF 2041)

## A BILL FOR

1 An Act establishing a self-employment assistance program  
2 for recipients of unemployment compensation benefits and  
3 providing a termination date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1.   NEW SECTION.   **96.45 Self-employment assistance**  
2 **program.**

3     1. *Definitions.* As used in this section, unless the context  
4 otherwise requires:

5     *a. "Self-employment assistance activities"* means activities  
6 approved by the director in which an individual participates  
7 for the purpose of establishing a business and becoming  
8 self-employed. Self-employment assistance activities include  
9 but are not limited to entrepreneurial training, business  
10 counseling, and technical assistance.

11    *b. "Self-employment assistance allowance"* means an amount  
12 payable in lieu of regular benefits under this chapter to  
13 an individual participating in self-employment assistance  
14 activities in accordance with this section. Self-employment  
15 assistance allowance amounts shall be paid from the  
16 unemployment compensation fund.

17    2. *Self-employment assistance allowance — amount.* The  
18 weekly amount of the self-employment assistance allowance  
19 payable to an individual is equal to the weekly regular benefit  
20 amount. The sum of the self-employment assistance allowance  
21 paid under this section and the regular benefits paid under  
22 this chapter with respect to any benefit year shall not  
23 exceed the maximum benefit amount payable under section 96.3,  
24 subsection 5, with respect to that benefit year.

25    3. *Eligibility requirements.* The following eligibility  
26 requirements apply to the payment of a self-employment  
27 assistance allowance under this section.

28    *a.* An individual may receive a self-employment assistance  
29 allowance if the following requirements are met:

30       (1) The individual is eligible to receive regular benefits  
31 or would be eligible to receive regular benefits except for the  
32 requirements described in paragraph "b", subparagraphs (1) and  
33 (2).

34       (2) The individual is identified by a worker profiling  
35 system as an individual likely to exhaust regular benefits.

1       (3) The individual has submitted an application form and an  
2 initial business plan as prescribed by the director.

3       (4) The individual's initial business plan has been  
4 reviewed for feasibility and financial viability by the  
5 department in consultation with a small business development  
6 center associated with Iowa state university of science and  
7 technology, business accelerators, business incubators, or  
8 the John Pappajohn entrepreneurial centers. An individual  
9 shall not be approved for a self-employment assistance  
10 allowance unless the department finds the individual's initial  
11 business plan feasible and financially viable. Upon request,  
12 the department shall advise an individual as to resources  
13 available in the state to aid in the development of a feasible,  
14 financially viable, initial business plan.

15       (5) The individual has obtained any occupational  
16 certification or license necessary to carry out the  
17 individual's initial business plan prior to the submission of  
18 an application form and an initial business plan.

19       (6) The individual has filed a weekly claim for the  
20 self-employment assistance allowance and provides a log of  
21 self-employment activities and any other information the  
22 director prescribes.

23       *b.* The self-employment assistance allowance shall be payable  
24 to an individual at the same intervals and on the same terms  
25 and conditions as regular benefits under this chapter except  
26 for the following:

27       (1) The provisions of this chapter regarding being  
28 available for work, actively seeking work, and refusing to  
29 accept suitable work are not applicable to such an individual.

30       (2) The requirements of this chapter relating to  
31 disqualifying income are not applicable to income earned from  
32 self-employment by such an individual.

33       *c.* An individual who meets the requirements of this section  
34 shall be considered to be totally unemployed under section  
35 96.19, subsection 38, paragraph "a".

1       d. An individual who fails to actively engage on a full-time  
2 basis in self-employment assistance activities is ineligible to  
3 receive the self-employment assistance allowance for each week  
4 in which such failure occurs.

4. *Limitation on number of individuals receiving a self-employment assistance allowance.* The number of individuals receiving the self-employment assistance allowance at any time shall not exceed five percent of the number of individuals receiving regular benefits.

10       5. *Financing the costs of the self-employment assistance*  
11 *allowance.* The self-employment assistance allowance shall be  
12 charged to employers in the manner provided in this chapter for  
13 the charging of regular benefits.

14       6. *Implementation.* The director shall administer this  
15 section in consultation with the small business development  
16 centers associated with Iowa state university of science and  
17 technology. In adopting rules to administer this section, the  
18 director, insofar as is practicable, shall comply with the  
19 rules and policies of the United States department of labor.

20       7. *Termination date.* The authority to pay self-employment  
21 assistance allowances under this section terminates at the  
22 end of the week preceding the date when federal law no longer  
23 authorizes such payment, unless that date is on a Saturday in  
24 which case the authority terminates on that date.

### EXPLANATION

26 This bill establishes a self-employment assistance  
27 program which provides unemployment compensation benefits to  
28 individuals seeking to be self-employed. These benefits are  
29 paid instead of regular unemployment compensation benefits.  
30 Authority to establish the program is provided by federal law  
31 at 26 U.S.C. § 3306(t).

32 The bill defines self-employment assistance activities  
33 and self-employment assistance allowance. Self-employment  
34 assistance activities are intended to enable an individual  
35 to establish a business and become self-employed and include

1 entrepreneurial training, business counseling, technical  
2 assistance, and any other activities approved by the director  
3 of the department of workforce development. The bill provides  
4 that the weekly self-employment assistance allowance payable to  
5 an individual is equal to the weekly benefit amount for regular  
6 unemployment benefits and the maximum yearly allowance is the  
7 same as the maximum yearly, regular unemployment benefits  
8 currently allowable. Charges to employers are made in the  
9 same manner as charges to employers for regular unemployment  
10 benefits.

11 The bill establishes eligibility requirements for an  
12 individual's acceptance into the self-employment assistance  
13 program. An individual must be identified by a worker  
14 profiling system as an individual likely to exhaust regular  
15 unemployment compensation benefits. An individual must  
16 submit an application form and an initial business plan. The  
17 department of workforce development, in consultation with a  
18 small business development center associated with Iowa state  
19 university of science and technology, business accelerators,  
20 business incubators, or the John Pappajohn entrepreneurial  
21 centers, must review the individual's initial business plan for  
22 feasibility and financial viability. An individual's initial  
23 business plan must be found feasible and financially viable  
24 in order for the individual to be accepted into the program.  
25 Upon request, the department is to advise an individual as to  
26 resources available in the state to aid in the development of  
27 a feasible, financially viable, initial business plan. An  
28 individual must have obtained any occupational certification  
29 or license necessary to carry out the individual's initial  
30 business plan prior to applying for the program. An individual  
31 must also file a weekly claim for the self-employment  
32 assistance allowance and provide a log of self-employment  
33 activities as well as any other information required by the  
34 director of the department of workforce development.

35 The bill provides that the requirements to receive regular

1 unemployment benefits relating to availability for work, active  
2 search for work, refusal to accept work, and self-employment  
3 income do not apply to an individual otherwise eligible to  
4 receive a self-employment assistance allowance. The bill  
5 provides that an individual who fails to actively engage in  
6 self-employment assistance activities full-time is ineligible  
7 to receive the self-employment assistance allowance for each  
8 week such a failure occurs.

9     The bill provides that the maximum number of individuals  
10 eligible for the program at any one time is equal to 5 percent  
11 of the individuals receiving regular unemployment benefits.

12     The bill directs the director of the department of workforce  
13 development to administer the bill in consultation with a  
14 small business development center associated with Iowa state  
15 university. The bill also directs the director to comply with  
16 the rules and policies of the United States department of  
17 labor, where practicable, when adopting rules to implement the  
18 bill.

19     The bill is void if federal authorization for the program  
20 ends.